

# *City of Kingsville, Texas*

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## **AGENDA CITY COMMISSION MONDAY, JULY 16, 2018 SPECIAL MEETING**

**CITY HALL  
HELEN KLEBERG GROVES COMMUNITY ROOM  
400 WEST KING AVENUE  
4:00 P.M.**

### **I. Preliminary Proceedings.**

#### **OPEN MEETING**

**INVOCATION / PLEDGE OF ALLEGIANCE – (Mayor Fugate)**

**MINUTES OF PREVIOUS MEETING(S)**

None.

APPROVED BY:

  
Jesús A. Garza  
City Manager

### **II. Public Hearing - (Required by Law).<sup>1</sup>**

None.

### **III. Reports from Commission & Staff.<sup>2</sup>**

*"At this time, the City Commission and Staff will report/update on all committee assignments which may include, but is not limited to the following: Planning & Zoning Commission, Zoning Board of Adjustments, Historical Board, Housing Authority Board, Library Board, Health Board, Tourism, Chamber of Commerce, Coastal Bend Council of Governments, Conner Museum, Keep Kingsville Beautiful, and Texas Municipal League. Staff reports include the following: Building & Development, Code Enforcement, Proposed Development Report; Accounting & Finance – Financial & Investment Information, Investment Report, Quarterly Budget Report, Monthly Financial Reports, Utilities Billing Update; Police-Communications Update; Police & Fire Department – Grant Update, Police & Fire Reports; Streets Update; Public Works; Building Maintenance, Construction Updates; Park Services - grant(s) update, miscellaneous park projects, Emergency Management, Administration –Workshop Schedule, Interlocal Agreements, Public Information, Hotel Occupancy Report, Quiet Zone, SEP, Legislative Update, Proclamations, Health Plan Update, Tax Increment Zone Presentation, Main Street Downtown, Chapter 59 project, Financial Advisor, Landfill Update, Wastewater Treatment Plant, Water And Wastewater Rate Study Presentation, Demolition Update, Planning Development Update, Golf Course Update, Municipal Court Update, Monthly Performance Report. No formal action can be taken on these items at this time."*

### **IV. Public Comment on Agenda Items.<sup>3</sup>**

1. Comments on all agenda and non-agenda items.

**V.**

**Consent Agenda**

**Notice to the Public**

*The following items are of a routine or administrative nature. The Commission has been furnished with background and support material on each item, and/or it has been discussed at a previous meeting. All items will be acted upon by one vote without being discussed separately unless requested by a Commission Member in which event the item or items will immediately be withdrawn for individual consideration in its normal sequence after the items not requiring separate discussion have been acted upon. The remaining items will be adopted by one vote.*

**CONSENT MOTIONS, RESOLUTIONS, ORDINANCES AND ORDINANCES FROM PREVIOUS MEETINGS:**

*(At this point the Commission will vote on all motions, resolutions and ordinances not removed for individual consideration.)*

None.

**REGULAR AGENDA**

**CONSIDERATION OF MOTIONS, RESOLUTIONS, AND ORDINANCES:**

**VI. Items for consideration by Commissioners.<sup>4</sup>**

1. Consider Health Insurance RFP#18-14 for Health Insurance Plan Services. (City Manager).
2. Discuss options for City of Kingsville employee Health Insurance Plan design benefits, including but not limited to employee contributions and deductibles. (City Manager).
3. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances Chapter V, Article 3, Water, providing for an increase in water rates, repealing all ordinances in conflict herewith and providing for an effective date and publication. (City Manager).
4. Consider introduction of an ordinance amending the City of Kingsville Code of Ordinances Chapter V, Article 2, Sewers, providing for an increase in sewer rates, repealing all ordinances in conflict herewith and providing for an effective date and publication. (City Manager).

**VII. Adjournment.**

1. No person's comments shall exceed 5 minutes. Cannot be extended by Commission.
2. No person's comments shall exceed 5 minutes without permission of majority of Commission.
3. Comments are limited to 3 minutes per person. May be extended or permitted at other times in the meeting only with 5 affirmative Commission votes. The speaker must identify himself by name and address.
4. Items being considered by the Commission for action except citizen's comments to the Mayor and Commission, no comment at this point without 5 affirmative votes of the Commission.

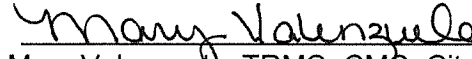
**NOTICE**

This City of Kingsville and Community Room are wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary's office at 361/595-8002 or FAX 361/595-8024 or E-Mail mvalenzuela@cityofkingsville.com for further information. Braille Is Not Available. The City Commission reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of

the matters listed above, as authorized by the Texas Government Code, Section 551-071 (Consultation with Attorney), 551-072 (Deliberations about Real Property), 551-073 (Deliberations about Gifts and Donations), 551-074 (Personnel Matters), 551-076 (Deliberations about Security Devices), 551-086 (Certain Public Power Utilities: Competitive Matters), and 551-087 (Economic Development).

I, the undersigned authority, do hereby certify that the Notice of Meeting was posted on the bulletin board located at the City of Kingsville City Hall, 400 West King Avenue, Kingsville, Texas, which is a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time:

July 13, 2018 at 2:00 P.M. and remained so posted continuously for at least 72 hours preceding the schedule time of said meeting.

  
Mary Valenzuela, TRMC, ~~CMC~~, City Secretary  
City of Kingsville, Texas

This public notice was removed from the official posting board at the Kingsville City Hall on the following date and time: \_\_\_\_\_

By: \_\_\_\_\_  
City Secretary's Office  
City of Kingsville, Texas

# **REGULAR AGENDA**

# **AGENDA ITEM #1**

**City of Kingsville  
City Manager's Office**

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TO: Mayor and City Commissioners

FROM: Jesus A. Garza, City Manager

DATE: July 5, 2018

SUBJECT: RFP 18-14 Employee Health Care and Third-Party Administrator

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**Summary:**

This item authorizes awarding RFP 18-14 for Employee Health Care and TPA (Third Party Administrator) services to administer a self-insured program for the City of Kingsville.

**Background:**

The City of Kingsville advertised for RFP 18-14 on April 29, 2018 and May 13, 2018. Six (6) potential vendors submitted proposals. All proposals received by the deadline of June 12, 2016 at 2:00 pm were opened. Proposals were received from Blue Cross Blue Shield of Texas, ENTRUST, Inc., Meritian Health, UMR Inc., Arsenal Pharmacy, and TML Multistate Intergovernmental Employee Benefits.

The City's consultants, Carlisle Insurance Agency, Inc., reviewed all proposals submitted in response to RFP 18-14. Each proposal was broken down for easier review and comparison. A copy of the documentation showing the proposal recommendation and analysis is attached. On July 6, 2018, a recommendation was submitted to the City of Kingsville advising to continue with ENTRUST, Inc. as the Third-Party Administrator using Gerber as the stop-loss carrier, as their proposal provides the best value to the City. A detailed summary of the renewal submitted by ENTRUST, Inc. is also attached.

**Financial Impact:**

None at this time. The City can customize plan design benefits and stop loss amounts with the vendor and bring those options to Commission for consideration at a future meeting.

**Recommendation:**

Staff recommends that RFP 18-14 to be awarded to ENTRUST, Inc. of Houston Texas.





July 9, 2018

City of Kingsville  
P O Box 1458  
Kingsville, TX 78363

Re: Medical Insurance Renewal Recommendation

Diana Gonzales:

The employee benefits department at Carlisle Insurance Agency, Inc., on behalf of the City of Kingsville, has analyzed the group medical proposals submitted by Entrust, UMR, Blue Cross Blue Shield, Meritain, and TML for the following criteria: benefit plan design, service and reputation of the vendor, overall cost benefit to the employee and the City of Kingsville.

Our recommendation is that the City of Kingsville renew their group medical insurance policy with Entrust using Gerber as the stop-loss carrier.

This recommendation is based on the following:

Entrust

1. Lower overall cost
2. Unique cost containing policy features (Spohn network per diem, Generic Prescription Carve Out)
3. Provides alternate plan benefit design options including calendar year deductible plans as well as the current benefit plan design
4. Possibly consider changing Specific Deductible to \$75,000 from \$100,000

UMR

1. Greater overall cost
2. Lower admin, but greater stop loss premium and expected claims and maximum liability
3. Large amount of assumptions, contingencies and additional fees
4. Did not provide alternate plan design options as requested in the request for proposals

Blue Cross Blue Shield

1. Greater overall cost
2. Lower admin, but greater stop loss premium and expected claims and maximum liability
3. Large amount of assumptions, contingencies and additional fees
4. Did not provide alternate plan design options or specific stop loss amounts as requested in the request for proposals

Meritain

1. Administrative Services Only
2. No Stop Loss quotes provided

TML

1. Administrative Services Only
2. No Stop Loss quotes provided

We further recommend that the City of Kingsville meet with the vendor to customize plan design benefits and stop loss amounts to maximize cost savings options that may be available.

Sincerely,  
CARLISLE INSURANCE AGENCY, INC.

Sarah Parkey





City of Kingsville  
Specific Stop Loss Review



		(1)	(2)	(3)	(4)	(5)	(6)
		Current	\$100k Renewal	\$75k Renewal	Option 1	Option 2	Option 3
Third Party Administrator		ENTRUST Health, Planned.	ENTRUST Health, Planned.	ENTRUST Health, Planned.	BlueCross BlueShield	UMR United Healthcare	UMR United Healthcare
Work		Christus Spohn	Christus Spohn	Christus Spohn / PHCS	Blue Choice PPO	UHC Choice Plus	UHC Choice Plus
IP Loss Carrier		Westport Insurance	Gerber	Gerber	Blue Cross Blue Shield	Sun Life	Sun Life
Contract Terms		12/15 - Med & Rx	12/15 - Med & Rx	12/15 - Med & Rx	12/15 - Med & Rx	12/15 - Med & Rx	12/15 - Med & Rx
Specific Stop Loss Level		\$100,000.00	\$100,000.00	\$75,000.00	\$75,000.00	\$75,000.00	\$100,000.00
Total	287						
Monthly Stop Loss Premium		\$46,490.12	\$48,701.89	\$69,423.53	\$92,840.36	\$74,172.70	\$62,686.20
Annual Specific Stop Loss Premium		\$557,881.44	\$584,422.68	\$833,082.36	\$1,114,084.32	\$890,072.40	\$752,234.40
Aggregate Premium							
Monthly Premium		\$1,796.62	\$1,242.71	\$1,242.71	\$1,456.78	\$1,917.16	\$2,548.56
Annual Aggregate Premium		\$21,559.44	\$14,912.52	\$14,912.52	\$17,481.36	\$23,005.92	\$30,582.72
Annual Stop Loss Premium		\$579,440.88	\$599,335.20	\$847,994.88	\$1,131,565.68	\$913,076.32	\$782,817.12
Variance From Current			3.4%	46.3%	95.3%	57.6%	35.1%
Increase /Decrease from Current			\$19,894.32	\$268,554.00	\$552,124.80	\$333,637.44	\$203,376.24
Maximum Claims Funding Option							
Total	287						
Annual		\$384,307.16	\$402,169.64	\$405,594.99	\$293,410.69	\$388,566.43	\$402,546.20
Difference From Current		\$4,611,685.92	\$4,826,035.68	\$4,867,139.88	\$3,520,928.28	\$4,662,797.16	\$4,830,554.40
			\$214,349.76	\$255,453.96	\$-1,090,757.64	\$51,111.24	\$218,868.48
Monthly Attachment Point		\$202,422.46	\$220,436.42	\$209,009.03	\$247,521.25	\$369,612.00	\$382,909.25
Annual Attachment Point		\$2,429,069.52	\$2,645,237.04	\$2,508,108.36	\$2,970,255.00	\$4,435,344.00	\$4,594,911.00
Increase/Decrease			8.9%	3.3%	22.3%	82.6%	89.2%
Minimum Stop Loss Quote		\$3,419,723.04	\$216,167.52	\$79,038.84	\$541,185.48	\$2,006,274.48	\$2,165,841.48
			\$3,535,246.44	\$3,646,777.44	\$4,101,820.68	\$5,348,422.32	\$5,377,728.12
Annual Admin Cost		\$143,787.00	\$143,787.00	\$143,787.00	\$98,085.12	\$131,457.48	\$131,457.48
Annual Fixed Cost		\$723,227.88	\$743,122.20	\$991,781.88	\$1,229,650.80	\$1,044,535.80	\$914,274.60
Increase/Decrease			3%	37%	70%	44%	26%
			\$19,894.32	\$268,554.00	\$506,422.92	\$321,307.92	\$191,046.72
Minimum Plan Cost - Admin, Stop Loss, Annual Funding		\$3,563,510.04	\$3,679,033.44	\$3,790,564.44	\$4,199,905.80	\$5,479,879.80	\$5,509,185.60
Increase/Decrease			3%	6%	18%	54%	55%
		\$200K Laser	\$115,523.40	\$227,054.40	\$636,395.76	\$1,916,369.76	\$1,945,675.56
Needs Updated Claims thru July							



## **AGENDA ITEM #2**

**City of Kingsville  
City Manager's Office**

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TO: Mayor and City Commissioners  
FROM: Jesus A. Garza, City Manager  
DATE: July 12, 2018  
SUBJECT: Insurance Options

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**Summary:**

This item is to discuss design options for the insurance plan. Specifically focused on deductibles and employee contributions scenarios. The options range from staying at the existing monthly deductible (\$250) to shifting to an annual deductible (\$750 and \$1,350). The employee contribution options all include creating appropriate tiers that are truer to the lives insured.

**Background:**

The City of Kingsville has had a similar health insurance design since 2001. Up until FY-15 employees with employee only coverage were not contributing any costs to the premiums and employees within the other tiers were only paying \$74.10/month. In FY-15 the City changed employee contributions to \$30/month employee only coverage and \$118/month for the other tiers. No changes have been made to employee contributions since FY-15 even though City funding has increased by a total of more than 10% in order to meet plan obligations since then.

Last year during the budget cycle staff brought forth concerns surrounding the financial sustainability of the Insurance Fund. The concerns included the reality that the cost of health care is increasing and the fund had been receiving transfers in from other operational funds due to the City solely absorbing the increases in the premiums over the years. A combination of increased expenses and no major changes to the design of the plan have led to concerns surrounding the overall financial sustainability of the plan.

**Financial Impact:**

Varies by option. Attached are documents showing the options that will be explained and discussed at the meeting. There are two sets of three pages that look similar in structure due to the first set of 3 pages being the \$75k Specific Stop Loss and the other set being the \$100k Specific Stop Loss option.



## City of Kingsville

### \$75k Specific Stop Loss

#### Current \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$558.65	\$30.00	\$528.65
33	Employee & Spouse	\$1,337.82	\$118.00	\$1,219.82
32	Employee & Child(ren)	\$1,337.82	\$118.00	\$1,219.82
119	Employee & Family	\$1,337.82	\$118.00	\$1,219.82

270	Total Monthly Cost	\$294,202.78	\$24,292.00	\$269,910.78
	Total Annual Cost	\$3,530,433.36	\$291,504.00	\$3,238,929.36
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	\$51,873.36	\$0.00	\$51,873.36

#### Proposed \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville	Monthly Difference Per Employee
86	Employee Only	\$557.79	\$46.00	\$511.79	\$16.00
33	Employee & Spouse	\$1,127.21	\$126.00	\$1,001.21	\$8.00
32	Employee & Child(ren)	\$1,034.60	\$90.00	\$944.60	(\$28.00)
119	Employee & Family	\$1,543.94	\$166.00	\$1,377.94	\$48.00

270	Total Monthly Cost	\$302,003.93	\$30,748.00	\$271,255.93
	Total Annual Cost	\$3,624,047.16	\$368,976.00	\$3,255,071.16
Annual	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	\$145,487.16	\$77,472.00	\$68,015.16

#### Proposed \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville	Monthly Difference Per Employee
86	Employee Only	\$557.79	\$56.00	\$501.79	\$26.00
33	Employee & Spouse	\$1,127.21	\$146.00	\$981.21	\$28.00
32	Employee & Child(ren)	\$1,034.60	\$110.00	\$924.60	(\$8.00)
119	Employee & Family	\$1,543.94	\$186.00	\$1,357.94	\$68.00

270	Total Monthly Cost	\$302,003.93	\$35,288.00	\$266,715.93
	Total Annual Cost	\$3,624,047.16	\$423,456.00	\$3,200,591.16
Annual	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	\$145,487.16	\$131,952.00	\$13,535.16

## City of Kingsville

### \$75k Specific Stop Loss

#### Current \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$558.65	\$30.00	\$528.65
33	Employee & Spouse	\$1,337.82	\$118.00	\$1,219.82
32	Employee & Child(ren)	\$1,337.82	\$118.00	\$1,219.82
119	Employee & Family	\$1,337.82	\$118.00	\$1,219.82

270	Total Monthly Cost	\$294,202.78	\$24,292.00	\$269,910.78
	Total Annual Cost	\$3,530,433.36	\$291,504.00	\$3,238,929.36
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	\$51,873.36	\$0.00	\$51,873.36

#### Scenario A \$750 Individual Annual Deductible / \$1,500 Family Annual Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville	Monthly Difference Per Employee
86	Employee Only	\$536.43	\$46.00	\$490.43	\$16.00
33	Employee & Spouse	\$1,082.35	\$126.00	\$956.35	\$8.00
32	Employee & Child(ren)	\$994.01	\$90.00	\$904.01	(\$28.00)
119	Employee & Family	\$1,479.85	\$166.00	\$1,313.85	\$48.00

270	Total Monthly Cost	\$289,761.00	\$30,748.00	\$259,013.00
	Total Annual Cost	\$3,477,132.00	\$368,976.00	\$3,108,156.00
Annual	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	(\$1,428.00)	\$77,472.00	(\$78,900.00)

#### Scenario A \$750 Individual Annual Deductible / \$1,500 Family Annual Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville	Monthly Difference Per Employee
86	Employee Only	\$536.43	\$56.00	\$480.43	\$26.00
33	Employee & Spouse	\$1,082.35	\$146.00	\$936.35	\$28.00
32	Employee & Child(ren)	\$994.01	\$110.00	\$884.01	(\$8.00)
119	Employee & Family	\$1,479.85	\$186.00	\$1,293.85	\$68.00

270	Total Monthly Cost	\$289,761.00	\$35,288.00	\$254,473.00
	Total Annual Cost	\$3,477,132.00	\$423,456.00	\$3,053,676.00
Annual	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	(\$1,428.00)	\$131,952.00	(\$133,380.00)

## City of Kingsville

### \$75k Specific Stop Loss

#### Current \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$558.65	\$30.00	\$528.65
33	Employee & Spouse	\$1,337.82	\$118.00	\$1,219.82
32	Employee & Child(ren)	\$1,337.82	\$118.00	\$1,219.82
119	Employee & Family	\$1,337.82	\$118.00	\$1,219.82

270	Total Monthly Cost	\$294,202.78	\$24,292.00	\$269,910.78
	Total Annual Cost	\$3,530,433.36	\$291,504.00	\$3,238,929.36
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	\$51,873.36	\$0.00	\$51,873.36

#### Scenario C \$1,350 Individual Deductible / \$2,700 Family Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$515.07	\$46.00	\$469.07
33	Employee & Spouse	\$1,037.48	\$126.00	\$911.48
32	Employee & Child(ren)	\$953.42	\$90.00	\$863.42
119	Employee & Family	\$1,415.76	\$166.00	\$1,249.76

270	Total Monthly Cost	\$277,517.74	\$30,748.00	\$246,769.74
	Total Annual Cost	\$3,330,212.88	\$368,976.00	\$2,961,236.88
Annual	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	(\$148,347.12)	\$77,472.00	(\$225,819.12)

Monthly Difference Per Employee
\$16.00
\$8.00
(\$28.00)
\$48.00

#### Scenario C \$1,350 Individual Deductible / \$2,700 Family Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$515.07	\$56.00	\$459.07
33	Employee & Spouse	\$1,037.48	\$146.00	\$891.48
32	Employee & Child(ren)	\$953.42	\$110.00	\$843.42
119	Employee & Family	\$1,415.76	\$186.00	\$1,229.76

270	Total Monthly Cost	\$277,517.74	\$35,288.00	\$242,229.74
	Total Annual Cost	\$3,330,212.88	\$423,456.00	\$2,906,756.88
Annual	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	(\$148,347.12)	\$131,952.00	(\$280,299.12)

Monthly Difference Per Employee
\$26.00
\$28.00
(\$8.00)
\$68.00

## City of Kingsville

### \$100k Specific Stop Loss

#### Current \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$558.65	\$30.00	\$528.65
33	Employee & Spouse	\$1,337.82	\$118.00	\$1,219.82
32	Employee & Child(ren)	\$1,337.82	\$118.00	\$1,219.82
119	Employee & Family	\$1,337.82	\$118.00	\$1,219.82

270	Total Monthly Cost	\$294,202.78	\$24,292.00	\$269,910.78
	Total Annual Cost	\$3,530,433.36	\$291,504.00	\$3,238,929.36
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	\$51,873.36	\$0.00	\$51,873.36

#### Proposed \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$553.49	\$46.00	\$507.49
33	Employee & Spouse	\$1,117.92	\$126.00	\$991.92
32	Employee & Child(ren)	\$1,026.22	\$90.00	\$936.22
119	Employee & Family	\$1,530.56	\$166.00	\$1,364.56

270	Total Monthly Cost	\$299,467.18	\$30,748.00	\$268,719.18
	Total Annual Cost	\$3,593,606.16	\$368,976.00	\$3,224,630.16
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
Annual	Add'l Contributions (Credit)	\$115,046.16	\$77,472.00	\$37,574.16

#### Proposed \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$553.49	\$56.00	\$497.49
33	Employee & Spouse	\$1,117.92	\$146.00	\$971.92
32	Employee & Child(ren)	\$1,026.22	\$110.00	\$916.22
119	Employee & Family	\$1,530.56	\$186.00	\$1,344.56

270	Total Monthly Cost	\$299,467.18	\$35,288.00	\$264,179.18
	Total Annual Cost	\$3,593,606.16	\$423,456.00	\$3,170,150.16
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
Annual	Add'l Contributions (Credit)	\$115,046.16	\$131,952.00	(\$16,905.84)

Monthly Difference Per Employee
\$16.00
\$8.00
(\$28.00)
\$48.00

Monthly Difference Per Employee
\$26.00
\$28.00
(\$8.00)
\$68.00

## City of Kingsville

### \$100k Specific Stop Loss

#### Current \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$558.65	\$30.00	\$528.65
33	Employee & Spouse	\$1,337.82	\$118.00	\$1,219.82
32	Employee & Child(ren)	\$1,337.82	\$118.00	\$1,219.82
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	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	\$51,873.36	\$0.00	\$51,873.36

#### Scenario A \$750 Individual Annual Deductible / \$1,500 Family Annual Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$530.96	\$46.00	\$484.96
33	Employee & Spouse	\$1,070.60	\$126.00	\$944.60
32	Employee & Child(ren)	\$983.41	\$90.00	\$893.41
119	Employee & Family	\$1,462.97	\$166.00	\$1,296.97

Monthly Difference Per Employee
\$16.00
\$8.00
(\$28.00)
\$48.00

270	Total Monthly Cost	\$286,554.91	\$30,748.00	\$255,806.91
	Total Annual Cost	\$3,438,658.92	\$368,976.00	\$3,069,682.92
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
Annual	Add'l Contributions (Credit)	(\$39,901.08)	\$77,472.00	(\$117,373.08)

#### Scenario A \$750 Individual Annual Deductible / \$1,500 Family Annual Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$530.96	\$56.00	\$474.96
33	Employee & Spouse	\$1,070.60	\$146.00	\$924.60
32	Employee & Child(ren)	\$983.41	\$110.00	\$873.41
119	Employee & Family	\$1,462.97	\$186.00	\$1,276.97

Monthly Difference Per Employee
\$26.00
\$28.00
(\$8.00)
\$68.00

270	Total Monthly Cost	\$286,554.91	\$35,288.00	\$251,266.91
	Total Annual Cost	\$3,438,658.92	\$423,456.00	\$3,015,202.92
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
Annual	Add'l Contributions (Credit)	(\$39,901.08)	\$131,952.00	(\$171,853.08)

## City of Kingsville

### \$100k Specific Stop Loss

#### Current \$250 Family Monthly Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$558.65	\$30.00	\$528.65
33	Employee & Spouse	\$1,337.82	\$118.00	\$1,219.82
32	Employee & Child(ren)	\$1,337.82	\$118.00	\$1,219.82
119	Employee & Family	\$1,337.82	\$118.00	\$1,219.82

270	Total Monthly Cost	\$294,202.78	\$24,292.00	\$269,910.78
	Total Annual Cost	\$3,530,433.36	\$291,504.00	\$3,238,929.36
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
	Add'l Contributions (Credit)	\$51,873.36	\$0.00	\$51,873.36

#### Scenario C \$1,350 Individual Deductible / \$2,700 Family Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$508.42	\$46.00	\$462.42
33	Employee & Spouse	\$1,023.28	\$126.00	\$897.28
32	Employee & Child(ren)	\$940.60	\$90.00	\$850.60
119	Employee & Family	\$1,395.37	\$166.00	\$1,229.37

Monthly Difference Per Employee
\$16.00
\$8.00
(\$28.00)
\$48.00

270	Total Monthly Cost	\$273,640.59	\$30,748.00	\$242,892.59
	Total Annual Cost	\$3,283,687.08	\$368,976.00	\$2,914,711.08
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
Annual	Add'l Contributions (Credit)	(\$194,872.92)	\$77,472.00	(\$272,344.92)

#### Scenario C \$1,350 Individual Deductible / \$2,700 Family Deductible / 100% Co-Insurance

Enrolled	Coverage	Total Cost per Month	Employee Cost per Month	Cost to City of Kingsville
86	Employee Only	\$508.42	\$56.00	\$452.42
33	Employee & Spouse	\$1,023.28	\$146.00	\$877.28
32	Employee & Child(ren)	\$940.60	\$110.00	\$830.60
119	Employee & Family	\$1,395.37	\$186.00	\$1,209.37

Monthly Difference Per Employee
\$26.00
\$28.00
(\$8.00)
\$68.00

270	Total Monthly Cost	\$273,640.59	\$35,288.00	\$238,352.59
	Total Annual Cost	\$3,283,687.08	\$423,456.00	\$2,860,231.08
	Budgeted FY 8-19	\$3,478,560.00	\$291,504.00	\$3,187,056.00
Annual	Add'l Contributions (Credit)	(\$194,872.92)	\$131,952.00	(\$326,824.92)



# **AGENDA ITEM #3**

**City of Kingsville  
City Manager's Office**

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TO: Mayor and City Commissioners

FROM: Jesus A. Garza, City Manager

DATE: July 12, 2018

SUBJECT: Ordinance Increasing Water Rates

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**Summary:**

This item introduces an ordinance that increases the water rate by 2% based on the 10-year maintenance plan that calls for increased funding to address water utility maintenance needs in FY-19 by not deficit budgeting the operation.

**Background:**

The City of Kingsville has not increased Water Rates since 2013. In lieu of rate increases the City has utilized fund balance and/or Certificate of Obligation (C.O.) funding to address maintenance and capital needs within the utility fund since 2013. However, the fund balance has been depleted down to the minimum per the updated Fund Balance Policy amended in 2017. Additionally, the City currently does not have capacity for additional C.O. Debt.

Engineering, public works and the engineering consultant assisted with the development of a 10-year capital and maintenance plan for the utility operation that draws attention to the needs of the system over the next 10 years.

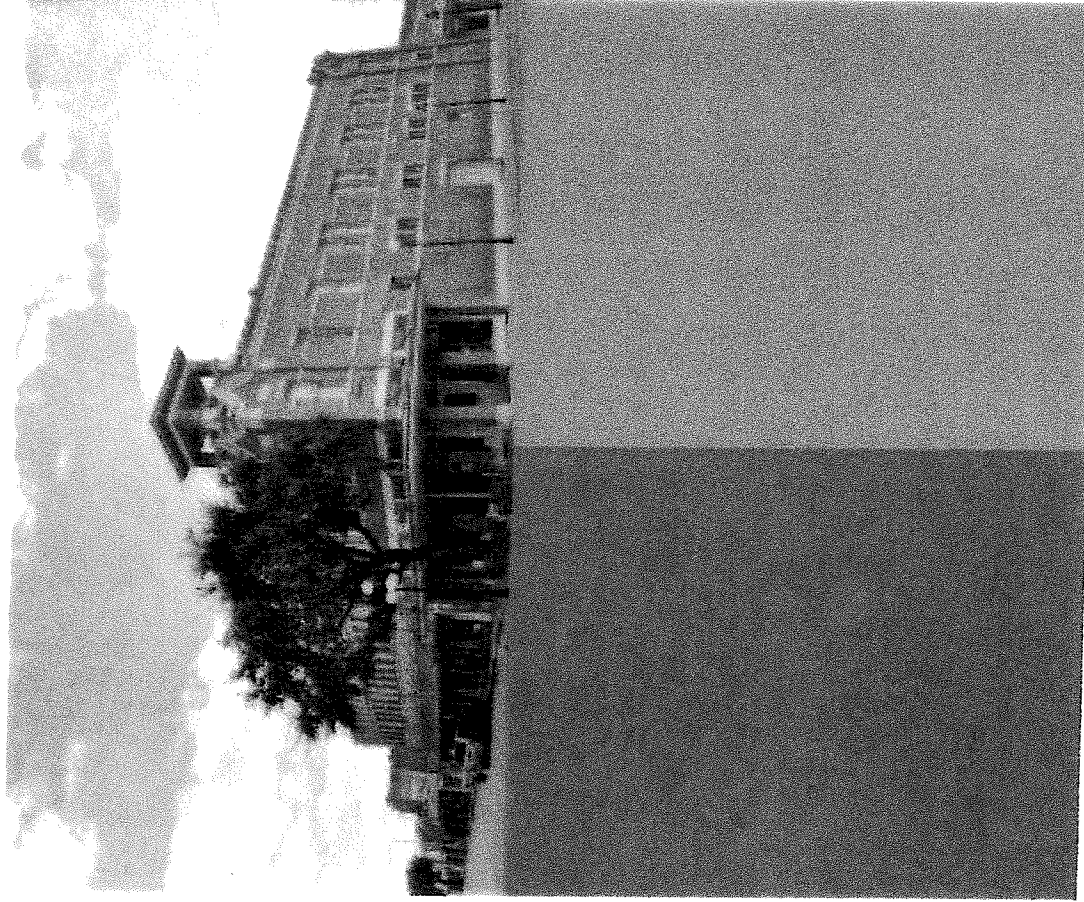
**Financial Impact:**

The increase of 2% is estimated to equate to \$94,000.

**Recommendation:**

Staff recommends approval of the proposed rate in order to continue addressing maintenance needs of the Utility System.





# **2019 UPDATE OF WATER & WASTEWATER RATES**

**City Commission Briefing  
City of Kingsville**

**July 9, 2018**

**FOR**

# BACKGROUND

- Water
  - Adequate rates are maintained to comply with bond coverage requirements and reserve requirements.
  - Assumes 8,002 connections for FY19 with a total billed use of 1,181.2 mg.
  - Growth rate is 0.3% a year.
  - Total water expenses of \$4.9 million.

# BACKGROUND

## ■ Water CIP

Project Name	Source of Funding	Estimated Project Cost by Year				Five-Year CIP Total
		2019	2020	2021	2022	
Replace 6" Line on W Yoakum from Armstrong to Jackson 6" C.I. 900'	Cash	\$ 32,400	\$ -	\$ -	\$ -	\$ 32,400
Replace 6" on Retama Dr. from Cypher to Santa Gertrudis in Utility Easement 6" C.I. 370'	Cash	\$ 13,320	\$ -	\$ -	\$ -	\$ 13,320
4" on Lott between 17th & 18th C.I. 400'	Cash	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
Water Tank Project	Cash	\$ 130,000	\$ -	\$ -	\$ -	\$ 130,000
Replace 6" on 2nd St. from King to Henrietta 4" - 6" C.I. 1100'	Cash	\$ -	\$ 35,000	\$ -	\$ -	\$ 35,000
6" between Fordyce & Johnston C.I. 400'	Cash	\$ -	\$ 12,000	\$ -	\$ -	\$ 12,000
Ford F-150 Truck	Cash	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
Ford F-150 Truck	Cash	\$ -	\$ 30,000	\$ -	\$ -	\$ 30,000
6" on the 1200 Block W Santa Gertrudis 6" C.I. 500' alley from Retama to Seale St.	Cash	\$ -	\$ -	\$ 15,000	\$ -	\$ 15,000
2" 1000-12000 E Mesquite & Corral C.I. 720'	Cash	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000
Replace 6" on Elizabeth from 7th to 11th 6" C.I. 550'	Cash	\$ -	\$ -	\$ -	\$ 19,000	\$ 19,000
2" between Lott & Huisache from 16th to Dead End in alley 2" C.I. 400	Cash	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000
2" 1200 Block of Mesquite between Mesquite & Ave D C.I. 720'	Cash	\$ -	\$ -	\$ -	\$ -	\$ 9,600
Well 19 Rehab	Cash	\$ 80,000	\$ -	\$ -	\$ -	\$ 80,000
Replacement GST Tanks Well 19	Cash	\$ -	\$ 130,000	\$ -	\$ -	\$ 130,000
Emergency Power (1) 300kw (Well 25)	Cash	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
Ground Storage Tank Cathodic Protection	Cash	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000
Future Projects	Debt	\$ 630,000	\$ -	\$ -	\$ -	\$ 630,000

# BACKGROUND

- Wastewater

- Adequate rates are maintained to comply with bond coverage requirements and reserve requirements.
- Assumes 7,587 connections for FY19 with a total billed use of 731.3 mg.
- Growth rate is 0.3% a year.
- Total wastewater expenses of \$4.6 million.

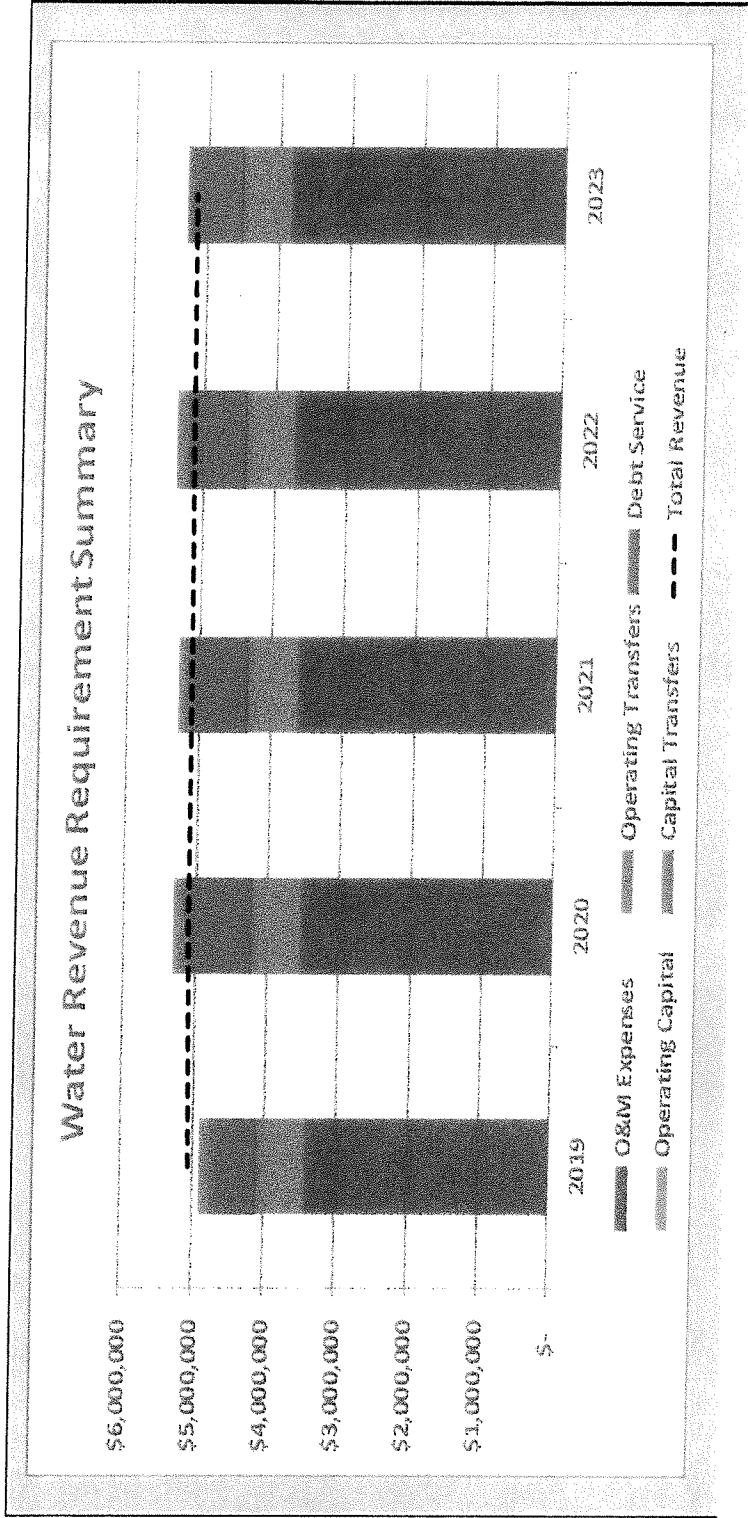
# BACKGROUND

## ■ Wastewater CIP

Project Name	Source of Funding	Estimated Project Cost by Year				Five-Year CIP Total	
		2019	2020	2021	2022	2023	Total
Isolation Gates at South Plant	Cash	\$ 202,453	\$ -	\$ -	\$ -	\$ -	\$ 202,453
South Plant Effluent Line (Secondary Clarifier)	Cash	\$ 159,827	\$ -	\$ -	\$ -	\$ -	\$ 159,827
Manhole Rehabs (20) Phase 1	Cash	\$ -	\$ 288,000	\$ -	\$ -	\$ -	\$ 288,000
Generator Fuel Tanks Rehab (4)	Cash	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
Vactor	Cash	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000
North & South Plant cement work	Cash	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ 400,000
Back-up generator Aluminum Shell (4)	Cash	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000
Trailer Mounted Sewer Jetter	Cash	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Liftstation Grouting (9)	Cash	\$ -	\$ -	\$ -	\$ -	\$ 255,440	\$ 255,440
Manhole Rehabs (20) Phase II	Cash	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Future Projects	Debt	\$ 630,000	\$ -	\$ -	\$ -	\$ -	\$ 630,000

# WATER UTILITY SUMMARY

The proposed rate increase for FY19 results in an increase of \$0.50/month for a residential customer with 5,000 gallons of water use.

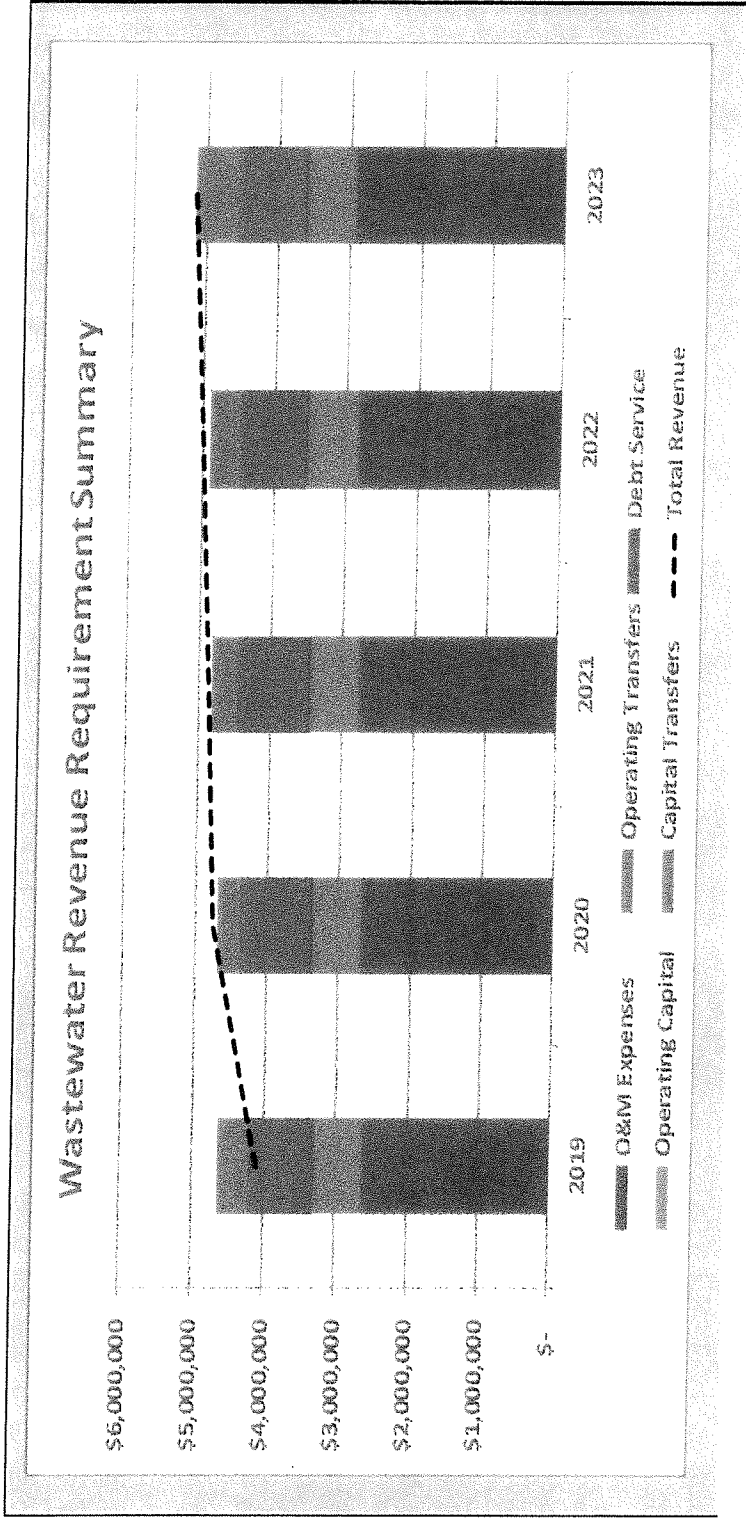


Water Rate Adjustment = 2.0%      1.0%      0.0%      0.0%      0.0%



# WASTEWATER UTILITY SUMMARY

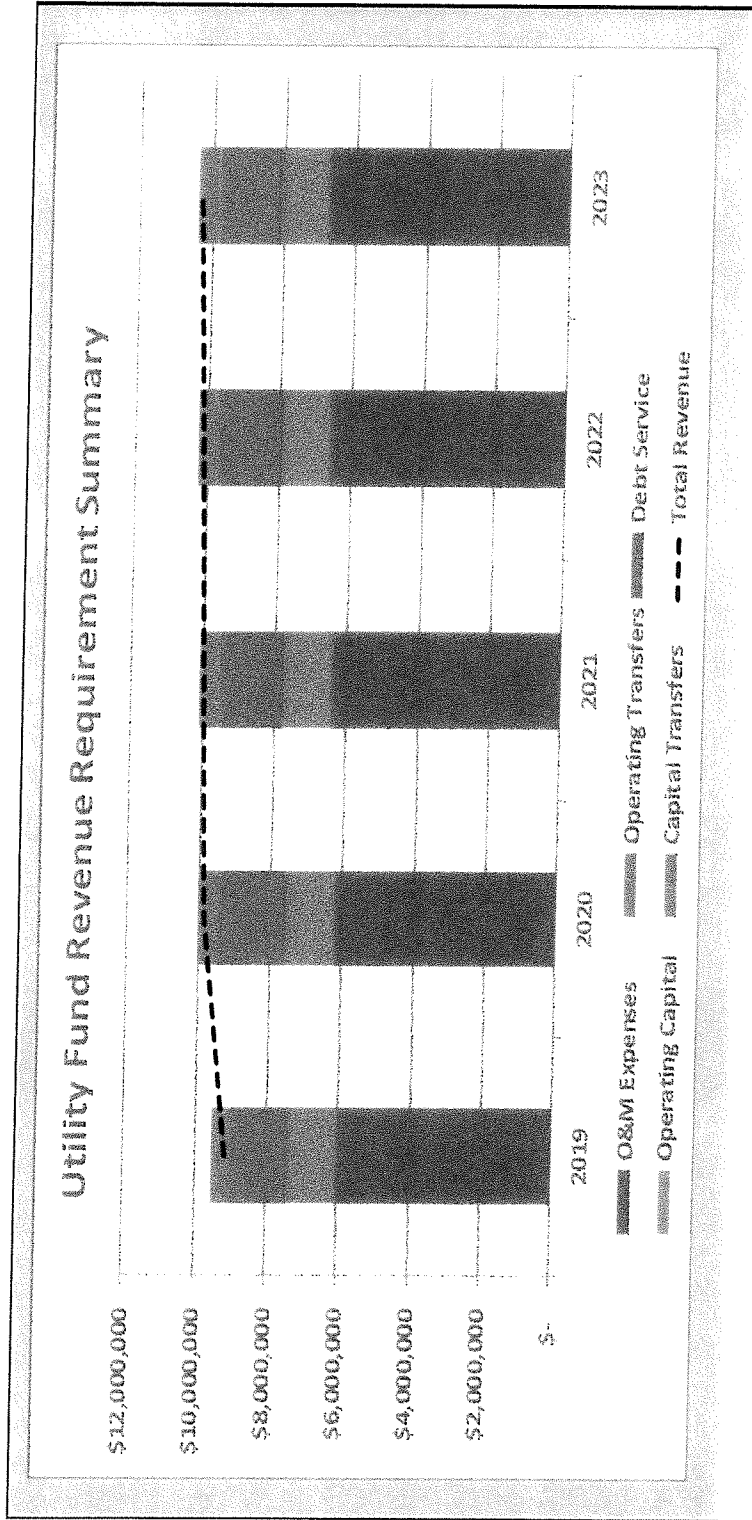
The proposed rate increase for FY19 results in an increase of \$3.63/month for a residential customer with 5,000 gallons of wastewater use.



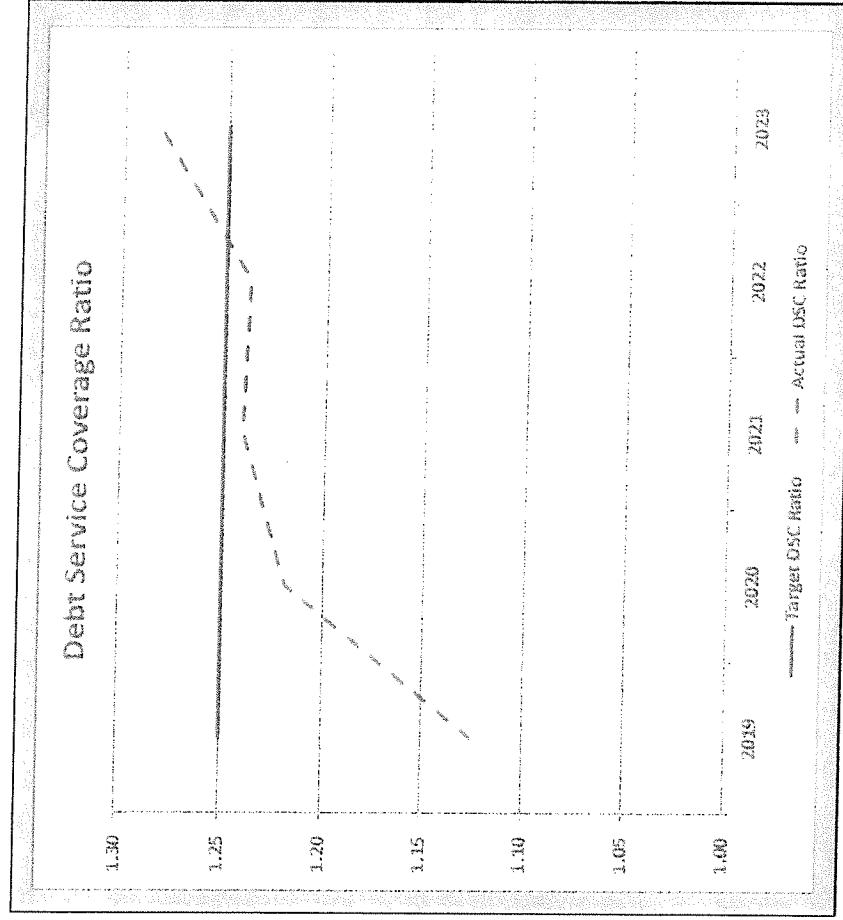
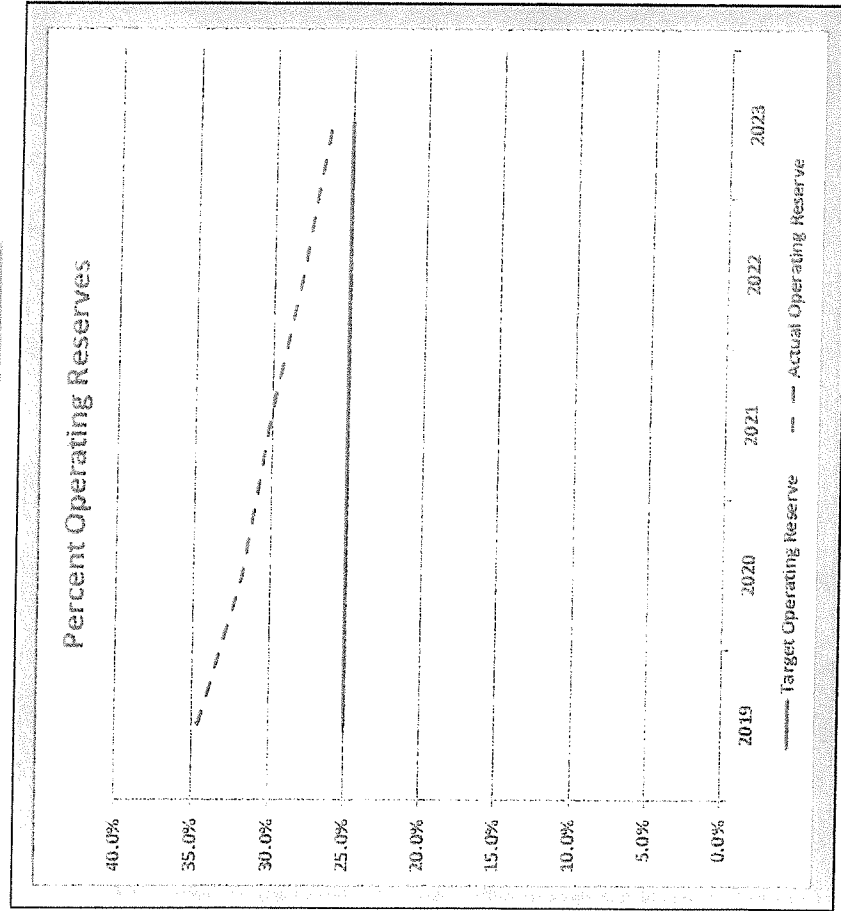
Wastewater Rate Adjustment = 18.0% 16.0% 2.0% 2.0% 3.0%

# UTILITY FUND SUMMARY

The proposed rate increase for FY19 results in an increase of \$4.13/month (9.1% increase) for a residential customer with 5,000 gallons of water & wastewater use.



# UTILITY FUND



# RESIDENTIAL BILL COMP.

WATER AND WASTEWATER SAMPLE BILL COMPARISONS  
 - Sorted by Residential Bill @ 10,000 Gallons/Month Water Use -

City	WATER		WASTEWATER		TOTAL WATER & WASTEWATER		
	Bill for 5,000 Gallons	Bill for 10,000 Gallons	Bill for 5,000 Gallons	Bill for 10,000 Gallons	Bill for 5,000 Gallons	Bill for 10,000 Gallons	Bill for 10,000 Gallons
Corpus Christi	\$ 37	\$ 77	\$ 42	\$ 65	\$ 79	\$ 142	
Rockport	\$ 37	\$ 63	\$ 31	\$ 52	\$ 69	\$ 115	
Beeville	\$ 40	\$ 60	\$ 28	\$ 46	\$ 68	\$ 106	
Portland	\$ 34	\$ 52	\$ 41	\$ 48	\$ 76	\$ 100	
Ingleside	\$ 36	\$ 58	\$ 29	\$ 41	\$ 65	\$ 99	
Alice	\$ 34	\$ 56	\$ 26	\$ 39	\$ 60	\$ 95	
Odem	\$ 35	\$ 61	\$ 26	\$ 26	\$ 61	\$ 86	
Kingsville (Proposed)	\$ 26	\$ 39	\$ 24	\$ 42	\$ 49	\$ 82	
Bishop	\$ 33	\$ 51	\$ 16	\$ 25	\$ 49	\$ 77	
Sinton	\$ 30	\$ 45	\$ 24	\$ 29	\$ 55	\$ 75	
Kingsville (Current)	\$ 25	\$ 39	\$ 20	\$ 36	\$ 45	\$ 74	

# COMMERCIAL BILL COMP.

## WATER AND WASTEWATER SAMPLE BILL COMPARISONS

- Sorted by Commercial Bill @ 50,000 Gallons/Month Water Use -

City	WATER		WASTEWATER		TOTAL WATER & WASTEWATER	
	Bill for 50,000 Gallons	Bill for 200,000 Gallons	Bill for 50,000 Gallons	Bill for 200,000 Gallons	Bill for 50,000 Gallons	Bill for 200,000 Gallons
Ingleside	\$ 387	\$ 1,284	\$ 294	\$ 711	\$ 680	\$ 1,995
Corpus Christi	\$ 407	\$ 1,600	\$ 268	\$ 1,000	\$ 675	\$ 2,600
Rockport	\$ 382	\$ 1,411	\$ 235	\$ 850	\$ 616	\$ 2,260
Beeville	\$ 334	\$ 951	\$ 256	\$ 789	\$ 590	\$ 1,739
Portland	\$ 263	\$ 884	\$ 197	\$ 384	\$ 459	\$ 1,268
Odem	\$ 327	\$ 1,095	\$ 109	\$ 300	\$ 436	\$ 1,395
Kingsville (Proposed)	\$ 181	\$ 682	\$ 211	\$ 790	\$ 392	\$ 1,471
Alice	\$ 248	\$ 981	\$ 140	\$ 515	\$ 387	\$ 1,496
Kingsville (Current)	\$ 178	\$ 668	\$ 179	\$ 669	\$ 356	\$ 1,337
Sinton	\$ 149	\$ 699	\$ 202	\$ 809	\$ 351	\$ 1,508
Bishop	\$ 223	\$ 940	\$ 104	\$ 381	\$ 326	\$ 1,321

**QUESTIONS?**



Fund 054 - Proposed Expenditures

Estimated Increased Water & Sewer Revenues	706,000
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Proposed Projects: -

4" on Lott between 17th & 18th	12,000
Replace 6" Line on W Yoakum	32,400
Replace 6" Line on Retama Dr	13,320
Ground Storage Tank Repair	125,000
Water Well Rehab	41,000
Water Well #19 Rehab	0
Water Meter Endpoints	60,000
(2) Stainless Steel Canal Gates	49,800
Polyblen Polymer Feed Unit	9,234
Isolation Gates at South Plant	202,500
South Plant Effluent Line (Second Clarifier)	160,746

Total Proposed Project	<u>706,000</u>
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ORDINANCE NO. 2018-\_\_\_\_\_

**AMENDING THE CITY OF KINGSVILLE CODE OF ORDINANCES CHAPTER V, ARTICLE 3, WATER, PROVIDING FOR AN INCREASE IN WATER RATES; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING FOR AN EFFECTIVE DATE AND PUBLICATION.**

**WHEREAS**, this Ordinance is necessary to protect the public safety, health, and welfare of the City of Kingsville.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS:** 2% Increase

I.

**THAT** Section 5-3-51 of Article 3: Water of Chapter V, Public Works, of the Code of Ordinances of the City of Kingsville, Texas, shall be amended to read as follows:

**§ 5-3-51 MINIMUM MONTHLY CHARGE; RATE SCHEDULE.**

(A) The following monthly rates shall be charged inside-city customers for the use of city water, provided that minimum monthly charges shall be made and bills rendered accordingly, under the standard water rates schedule as follows:

<i>Minimum Monthly Bill Water Service</i>					
<i>Meter Allowance Size</i>	<i>Single-Family Residential</i>	<i>Multi-Family Residential</i>	<i>Commercial**</i>	<i>Irrigation</i>	<i>Gallons</i>
5/8 - 3/4 inch	<del>12.54</del> 12.29	\$0.00	\$0.00	\$0.00	0
5/8 - 3/4 inch	—	<del>23.74</del> 23.27	<del>24.69</del> 24.20	<del>28.31</del> 27.75	3,000
1 inch	<del>25.67</del> 25.17	<del>28.88</del> 28.34	<del>31.21</del> 30.59	<del>38.53</del> 37.77	5,000
1 1/4 inch	<del>31.23</del> 30.62	<del>34.53</del> 33.85	<del>37.73</del> 36.99	<del>45.15</del> 44.26	7,000
1 1/2 inch	<del>38.29</del> 37.54	<del>42.61</del> 41.77	<del>47.51</del> 46.57	<del>57.77</del> 56.63	10,000
2 inch	<del>55.83</del> 54.74	<del>58.77</del> 57.64	<del>67.05</del> 65.73	<del>83.04</del> 81.44	16,000
3 inch	<del>55.83</del> 54.74	<del>109.97</del> 107.81	<del>118.57</del> 116.24	<del>163.05</del> 159.85	35,000
4 inch	<del>55.83</del> 54.74	<del>177.33</del> 173.85	<del>182.84</del> 179.25	<del>268.31</del> 263.04	60,000
6 inch	<del>55.83</del> 54.74	<del>352.47</del> 345.55	<del>349.28</del> 342.43	<del>542.00</del> 531.37	125,000
8 inch	<del>55.83</del> 54.74	<del>352.47</del> 345.55	<del>665.99</del> 652.93	<del>542.00</del> 531.37	200,000



**Minimum Monthly Bill Water Service**

<b>Meter Allowance Size</b>	<b>Single-Family Residential</b>	<b>Multi-Family Residential*</b>	<b>Commercial**</b>	<b>Irrigation</b>	<b>Gallons</b>
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\* Includes apartments of 3-4 units.

\*\* Includes hotels, motels, and apartments over 4 units.

(B) The following monthly rates shall be charged outside-city customers for the use of city water, provided that minimum monthly charges shall be made and bills rendered accordingly, under the standard water rates schedule as follows:

**Minimum Monthly Bill Water Service**

<b>Meter Allowance Size</b>	<b>Single-Family Residential</b>	<b>Multi-Family Residential*</b>	<b>Commercial**</b>	<b>Irrigation</b>	<b>Gallon</b>
5/8 - 3/4 inch	<del>14.40</del> 14.12	\$0.00	\$0.00	\$0.00	0
5/8 - 3/4 inch	—	<del>27.31</del> 26.77	<del>28.39</del> 27.83	<del>32.54</del> 31.90	3,000
1 inch	<del>29.54</del> 28.96	<del>33.22</del> 32.57	<del>35.88</del> 35.18	<del>40.78</del> 39.98	5,000
1¼ inch	<del>35.90</del> 35.20	<del>39.71</del> 38.93	<del>43.38</del> 42.53	<del>51.37</del> 50.36	7,000
1½ inch	<del>44.01</del> 43.15	<del>49.00</del> 48.04	<del>54.61</del> 53.54	<del>66.43</del> 65.13	10,000
2 inch	<del>64.22</del> 62.96	<del>67.59</del> 66.26	<del>77.10</del> 75.59	<del>95.47</del> 93.60	16,000
3 inch	<del>64.22</del> 62.96	<del>126.46</del> 123.98	<del>136.35</del> 133.68	<del>187.49</del> 183.84	35,000
4 inch	<del>64.22</del> 62.96	<del>203.91</del> 199.94	<del>210.27</del> 206.15	<del>308.54</del> 302.49	60,000
6 inch	<del>64.22</del> 62.96	<del>405.32</del> 397.37	<del>401.66</del> 393.78	<del>623.28</del> 611.06	125,000
8 inch	<del>64.22</del> 62.96	<del>405.32</del> 397.37	<del>765.87</del> 750.85	<del>623.28</del> 611.06	200,000

Includes apartments of 3-4 units.

\* Includes hotels, motels, and apartments over 4 units.

(C) For all water furnished in excess of the minimum allowance, the charge per 1,000 gallons of water delivered per month shall be shown as follows:

	In-side City	Outside City
--	--------------	--------------

Single-family residential:		
0 - 5,000 gallons	<u>\$2.62</u> <del>2.57</del>	<u>\$3.02</u> <del>2.96</del>
5,001 - 10,000 gallons	<u>2.76</u> <del>2.74</del>	<u>3.18</u> <del>3.12</del>
10,001 – 15,000 gallons	<u>2.88</u> <del>2.82</del>	<u>3.34</u> <del>3.27</del>
15,001 - 20,000 gallons	<u>3.01</u> <del>2.95</del>	<u>3.48</u> <del>3.41</del>
20,001 - 30,000 gallons	<u>3.14</u> <del>3.08</del>	<u>3.61</u> <del>3.54</del>
30,000 + gallons	<u>4.06</u> <del>3.98</del>	<u>4.68</u> <del>4.59</del>
Multi-family:	<u>2.78</u> <del>2.73</del>	<u>3.21</u> <del>3.15</del>
Commercial:	<u>3.34</u> <del>3.27</del>	<u>3.83</u> <del>3.75</del>
Irrigation	<u>4.19</u> <del>4.11</del>	<u>4.82</u> <del>4.73</del>

(D) These rates shall be applied to all water that passes through the meter regardless of whether the water is used or not.

(E) Industrial rates by special contract with the city.

(F) Naval Air Station Kingsville water rate, as determined by the most current water rate study, is set at \$1.75/1,000 gallons.

## II.

**THAT** all Ordinances or parts of Ordinances in conflict with this Ordinance are repealed to the extent of such conflict only.

## III.

**THAT** if for any reason any section, paragraph, subdivision, clause, phrase, word or provision of this ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this ordinance, for it is the definite intent of this City Commission that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

IV.

**THAT** this Ordinance shall be codified and become effective on and after adoption and publication as required by law.

**INTRODUCED** on this the 16<sup>th</sup> day of July, 2018.

**PASSED AND APPROVED** on this the 30<sup>th</sup> day of Julye, 2018.

Effective Date: \_\_\_\_\_

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney

# **AGENDA ITEM #4**

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TO: Mayor and City Commissioners

FROM: Jesus A. Garza, City Manager

DATE: July 12, 2018

SUBJECT: Ordinance Increasing Waste Water Rates

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**Summary:**

This item introduces an ordinance that increases the waste water rate by 18% based on the 10-year maintenance plan that calls for increased funding to address water utility maintenance needs in FY-19 by not deficit budgeting the operation.

**Background:**

The City of Kingsville has not increased Waste Water Rates since 2013. In lieu of rate increases the City has utilized fund balance and/or Certificate of Obligation (C.O.) funding to address maintenance and capital needs within the utility fund since 2013. However, the fund balance has been depleted down to the minimum per the updated Fund Balance Policy amended in 2017. Additionally, the City currently does not have capacity for additional C.O. Debt.

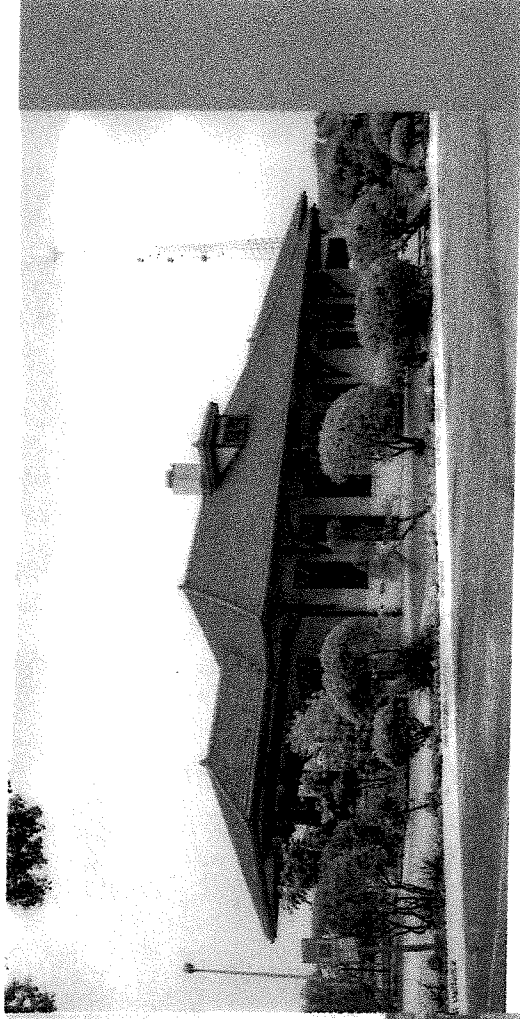
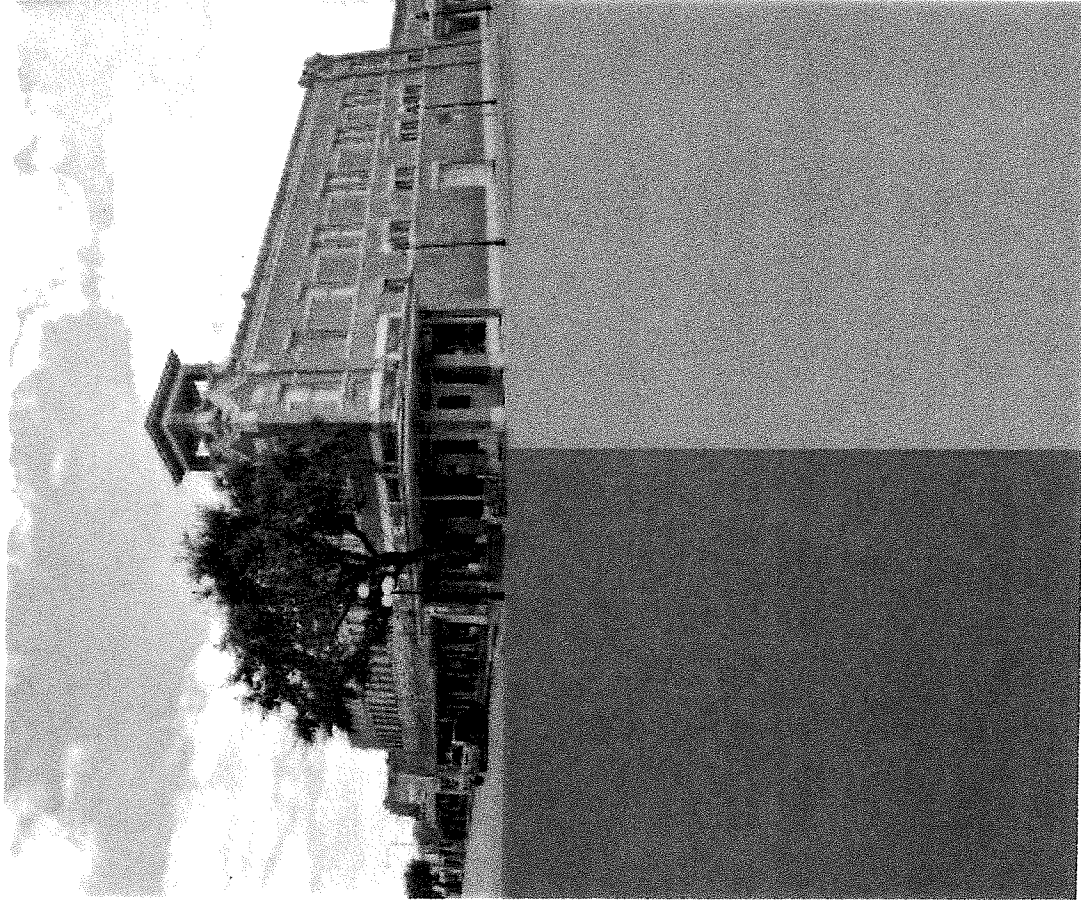
Engineering, public works and the engineering consultant assisted with the development of a 10-year capital and maintenance plan for the utility operation that draws attention to the needs of the system over the next 10 years.

**Financial Impact:**

The increase of 18% is estimated to equate to \$612,000.

**Recommendation:**

Staff recommends approval of the proposed rate in order to continue addressing maintenance needs of the Utility System.



# 2019 UPDATE OF WATER & WASTEWATER RATES

City Commission Briefing

City of Kingsville

July 9, 2018

HDR

# BACKGROUND

- Water
  - Adequate rates are maintained to comply with bond coverage requirements and reserve requirements.
  - Assumes 8,002 connections for FY19 with a total billed use of 1,181.2 mg.
  - Growth rate is 0.3% a year.
  - Total water expenses of \$4.9 million.

# BACKGROUND

## ■ Water CIP

Project Name	Source of Funding	Estimated Project Cost by Year					Five-Year CIP Total
		2019	2020	2021	2022	2023	
Replace 6" Line on W Yoakum from Armstrong to Jackson 6" C.I. 900'	Cash	\$ 32,400	\$ -	\$ -	\$ -	\$ -	\$ 32,400
Replace 6" on Retama Dr. from Cypher to Santa Gertrudis in Utility Easement 6" C.I. 370'	Cash	\$ 13,320	\$ -	\$ -	\$ -	\$ -	\$ 13,320
4" on Lott between 17th & 18th C.I. 400'	Cash	\$ 12,000	\$ -	\$ -	\$ -	\$ -	\$ 12,000
Water Tank Project	Cash	\$ 130,000	\$ -	\$ -	\$ -	\$ -	\$ 130,000
Replace 6" on 2nd St. from King to Henrietta 4" - 6" C.I. 1100'	Cash	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000
6" between Fordyce & Johnston C.I. 400'	Cash	\$ -	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
Ford F-150 Truck	Cash	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Ford F-150 Truck	Cash	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
6" on the 1200 Block W Santa Gertrudis 6" CI 500' alley from Retama to Seale St.	Cash	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 15,000
2" 1000-1200 E Mesquite & Corral CI 720'	Cash	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Replace 6" on Elizabeth from 7th to 11th 6" CI 550'	Cash	\$ -	\$ -	\$ -	\$ 19,000	\$ -	\$ 19,000
2" between Lott & Huisache from 16th to Dead End in alley 2" CI 400	Cash	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ 6,000
2" 1200 Block of Mesquite between Mesquite & Ave D CI 720'	Cash	\$ -	\$ -	\$ -	\$ -	\$ 9,600	\$ 9,600
Well 19 Rehab	Cash	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000
Replacement GST Tanks Well 19	Cash	\$ -	\$ 130,000	\$ -	\$ -	\$ -	\$ 130,000
Emergency Power (1) 300kw (Well 25)	Cash	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ 150,000
Ground Storage Tank Cathodic Protection	Cash	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
Future Projects	Debt	\$ 630,000	\$ -	\$ -	\$ -	\$ -	\$ 630,000



# BACKGROUND

- Wastewater
  - Adequate rates are maintained to comply with bond coverage requirements and reserve requirements.
  - Assumes 7,587 connections for FY19 with a total billed use of 731.3 mg.
  - Growth rate is 0.3% a year.
  - Total wastewater expenses of \$4.6 million.

# BACKGROUND

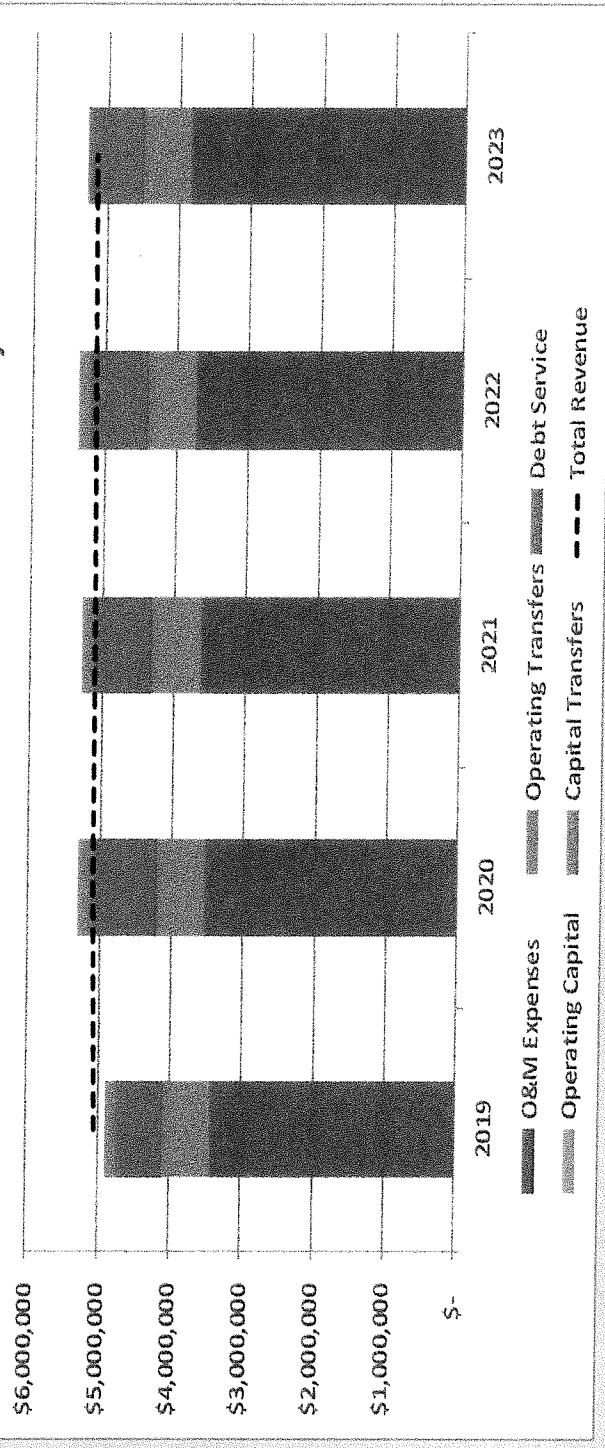
## ■ Wastewater CIP

Project Name	Source of Funding	Estimated Project Cost by Year					Five-Year CIP Total
		2019	2020	2021	2022	2023	
Isolation Gates at South Plant	Cash	\$ 202,453	\$ -	\$ -	\$ -	\$ -	\$ 202,453
South Plant Effluent Line (Secondary Clarifier)	Cash	\$ 159,827	\$ -	\$ -	\$ -	\$ -	\$ 159,827
Manhole Rehabs (20) Phase 1	Cash	\$ -	\$ 288,000	\$ -	\$ -	\$ -	\$ 288,000
Generator Fuel Tanks Rehab (4)	Cash	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
Vactor	Cash	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ 350,000
North & South Plant cement work	Cash	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ 400,000
Back-up generator Aluminum Shell (4)	Cash	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000
Trailer Mounted Sewer Jetter	Cash	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
Liftstation Grouting (9)	Cash	\$ -	\$ -	\$ -	\$ -	\$ 255,440	\$ 255,440
Manhole Rehabs (20) Phase II	Cash	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Future Projects	Debt	\$ 630,000	\$ -	\$ -	\$ -	\$ -	\$ 630,000

# WATER UTILITY SUMMARY

The proposed rate increase for FY19 results in an increase of \$0.50/month for a residential customer with 5,000 gallons of water use.

Water Revenue Requirement Summary

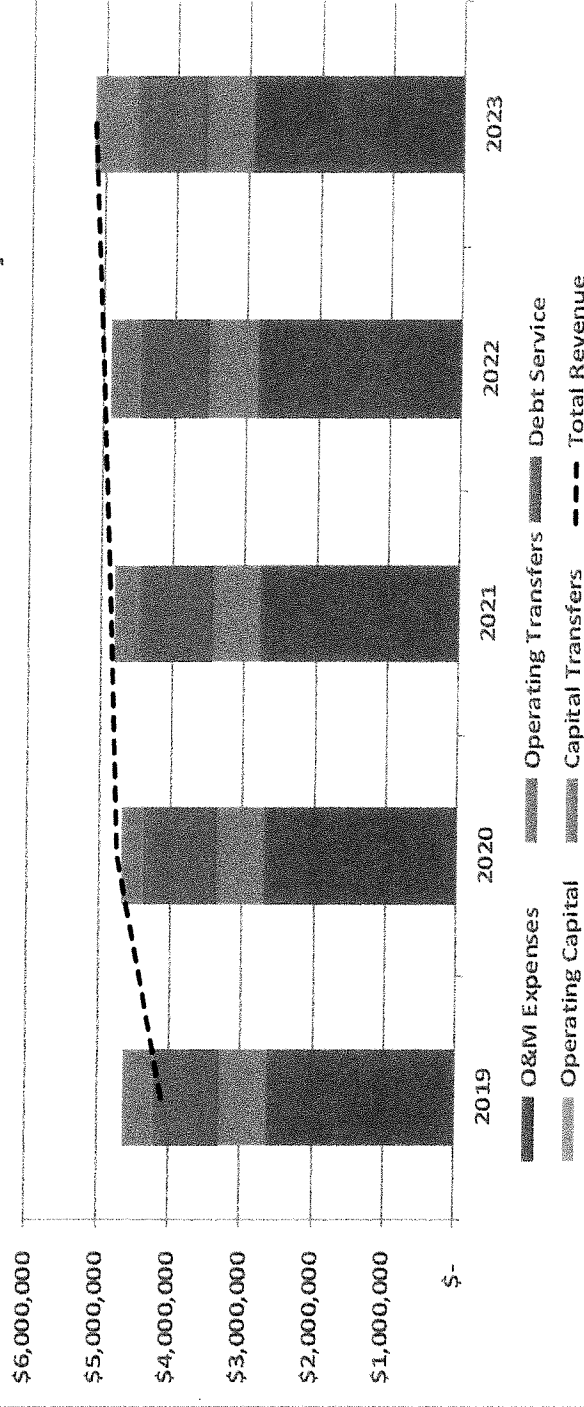


Water Rate Adjustment = 2.0% 1.0% 0.0% 0.0% 0.0%

# WASTEWATER UTILITY SUMMARY

The proposed rate increase for FY19 results in an increase of \$3.63/month for a residential customer with 5,000 gallons of wastewater use.

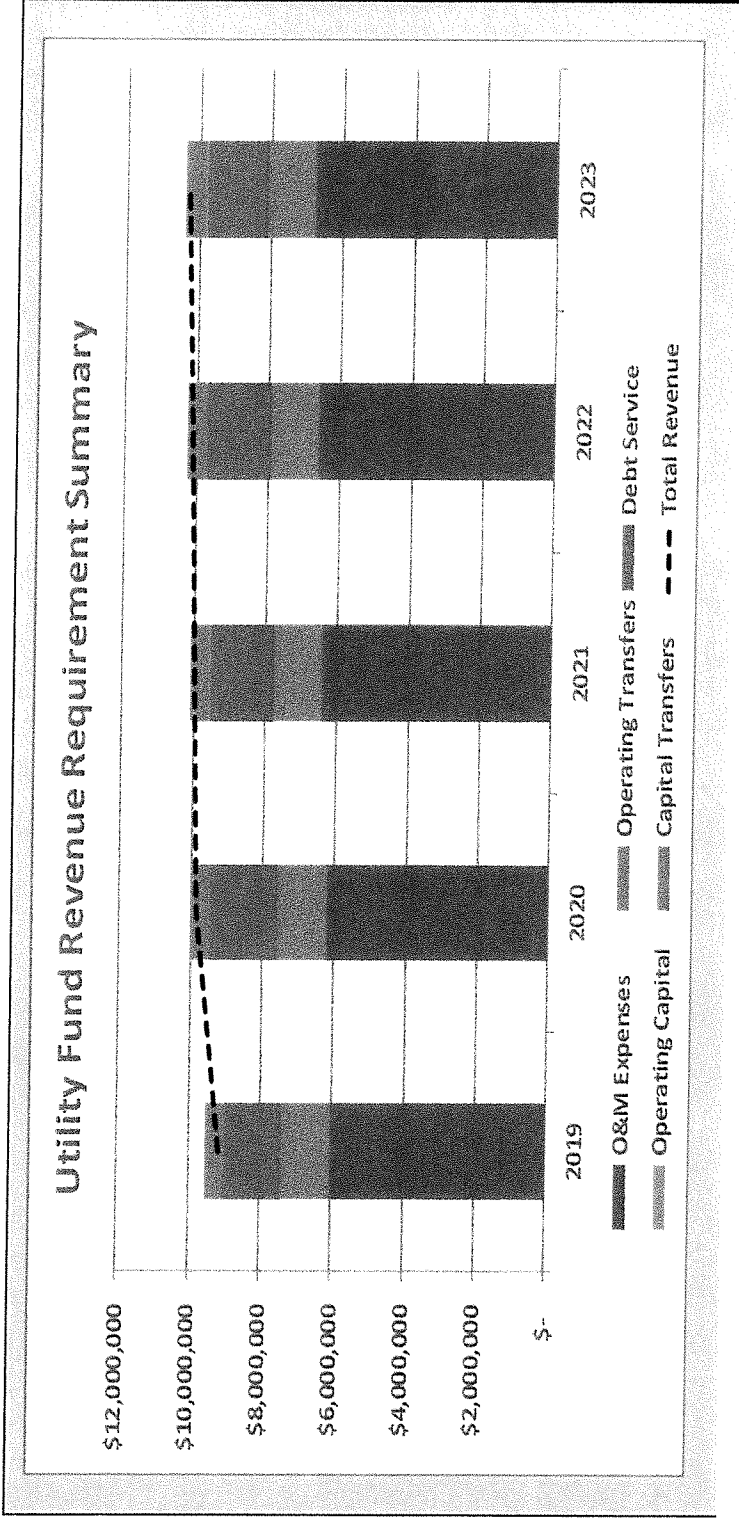
Wastewater Revenue Requirement Summary



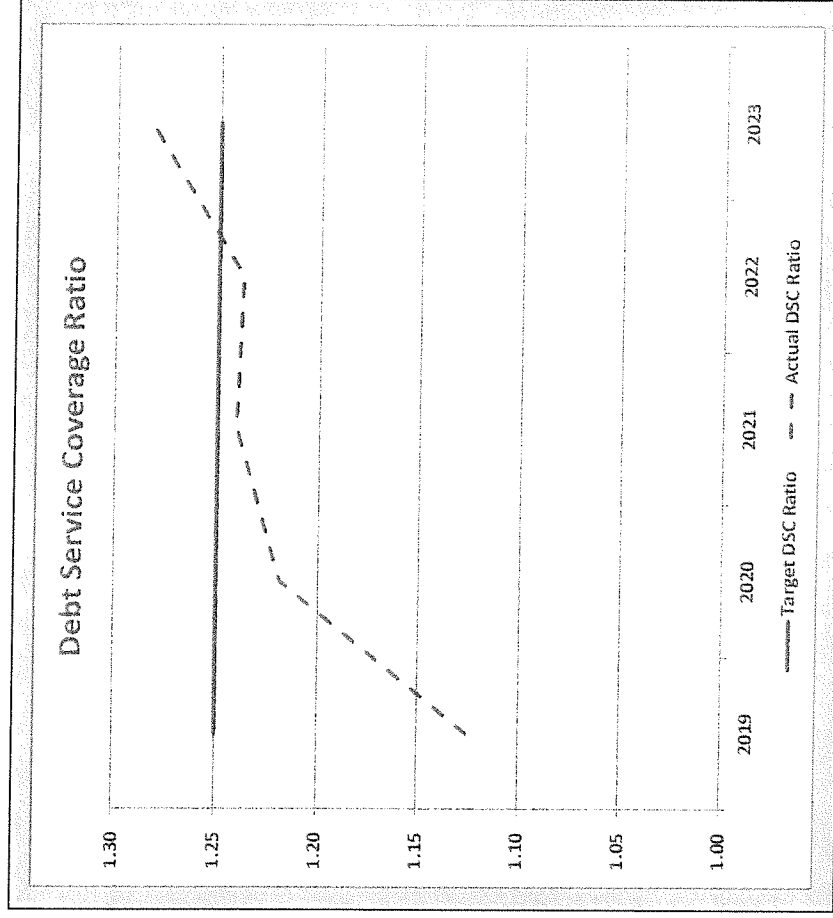
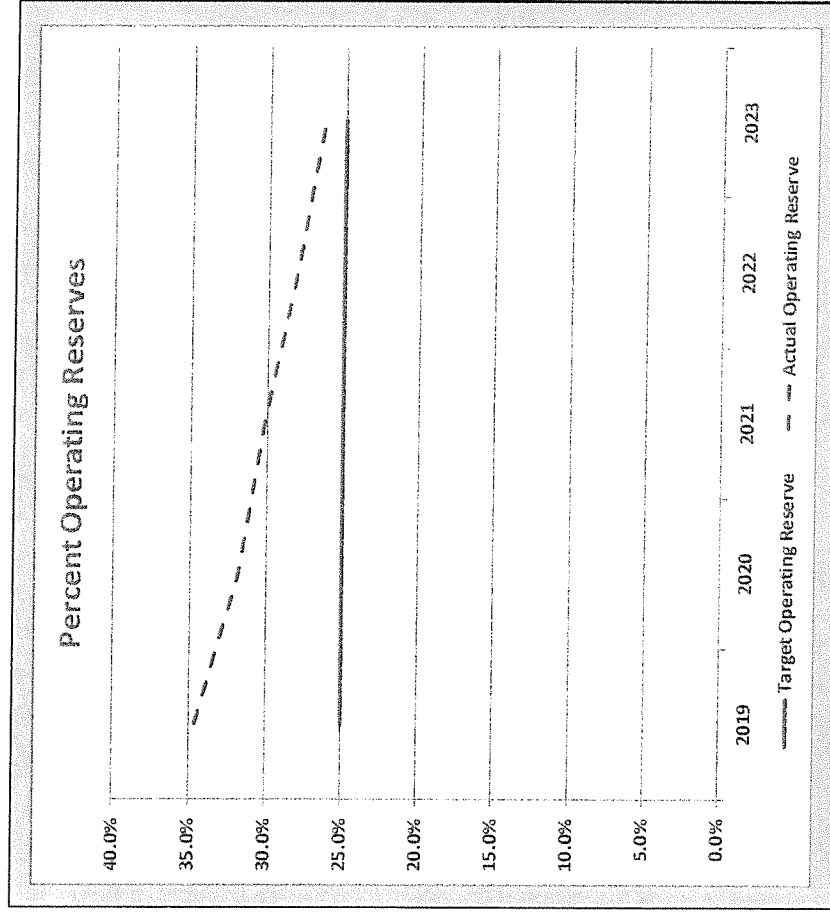
Wastewater Rate Adjustment = 18.0% 16.0% 2.0% 2.0% 3.0%

# UTILITY FUND SUMMARY

The proposed rate increase for FY19 results in an increase of \$4.13/month (9.1% increase) for a residential customer with 5,000 gallons of water & wastewater use.



# UTILITY FUND



# RESIDENTIAL BILL COMP.

WATER AND WASTEWATER SAMPLE BILL COMPARISONS  
- Sorted by Residential Bill @ 10,000 Gallons/Month Water Use -

City	WATER			WASTEWATER		TOTAL WATER & WASTEWATER	
	Bill for 5,000 Gallons	Bill for 10,000 Gallons	Bill for 10,000 Gallons	Bill for 5,000 Gallons	Bill for 10,000 Gallons	Bill for 5,000 Gallons	Bill for 10,000 Gallons
Corpus Christi	\$ 37	\$ 77	\$ 42	\$ 65	\$ 79	\$ 142	
Rockport	\$ 37	\$ 63	\$ 31	\$ 52	\$ 69	\$ 115	
Beeville	\$ 40	\$ 60	\$ 28	\$ 46	\$ 68	\$ 106	
Portland	\$ 34	\$ 52	\$ 41	\$ 48	\$ 76	\$ 100	
Ingleside	\$ 36	\$ 58	\$ 29	\$ 41	\$ 65	\$ 99	
Alice	\$ 34	\$ 56	\$ 26	\$ 39	\$ 60	\$ 95	
Odem	\$ 35	\$ 61	\$ 26	\$ 26	\$ 61	\$ 86	
Kingsville (Proposed)	\$ 26	\$ 39	\$ 24	\$ 42	\$ 49	\$ 82	
Bishop	\$ 33	\$ 51	\$ 16	\$ 25	\$ 49	\$ 77	
Sinton	\$ 30	\$ 45	\$ 24	\$ 29	\$ 55	\$ 75	
Kingsville (Current)	\$ 25	\$ 39	\$ 20	\$ 36	\$ 45	\$ 74	

# COMMERCIAL BILL COMP.

WATER AND WASTEWATER SAMPLE BILL COMPARISONS  
 - Sorted by Commercial Bill @ 50,000 Gallons/Month Water Use -

City	WATER		WASTEWATER		TOTAL WATER & WASTEWATER	
	Bill for 50,000 Gallons	Bill for 200,000 Gallons	Bill for 50,000 Gallons	Bill for 200,000 Gallons	Bill for 50,000 Gallons	Bill for 200,000 Gallons
Ingleside	\$ 387	\$ 1,284	\$ 294	\$ 711	\$ 680	\$ 1,995
Corpus Christi	\$ 407	\$ 1,600	\$ 268	\$ 1,000	\$ 675	\$ 2,600
Rockport	\$ 382	\$ 1,411	\$ 235	\$ 850	\$ 616	\$ 2,260
Beeville	\$ 334	\$ 951	\$ 256	\$ 789	\$ 590	\$ 1,739
Portland	\$ 263	\$ 884	\$ 197	\$ 384	\$ 459	\$ 1,268
Odem	\$ 327	\$ 1,095	\$ 109	\$ 300	\$ 436	\$ 1,395
Kingsville (Proposed)	\$ 181	\$ 682	\$ 211	\$ 790	\$ 392	\$ 1,471
Alice	\$ 248	\$ 981	\$ 140	\$ 515	\$ 387	\$ 1,496
Kingsville (Current)	\$ 178	\$ 668	\$ 179	\$ 669	\$ 356	\$ 1,337
Sinton	\$ 149	\$ 699	\$ 202	\$ 809	\$ 351	\$ 1,508
Bishop	\$ 223	\$ 940	\$ 104	\$ 381	\$ 326	\$ 1,321



**QUESTIONS?**



Fund 054 - Proposed Expenditures

Estimated Increased Water & Sewer Revenues	706,000
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Proposed Projects: -

4" on Lott between 17th & 18th	12,000
Replace 6" Line on W Yoakum	32,400
Replace 6" Line on Retama Dr	13,320
Ground Storage Tank Repair	125,000
Water Well Rehab	41,000
Water Well #19 Rehab	0
Water Meter Endpoints	60,000
(2) Stainless Steel Canal Gates	49,800
Polyblen Polymer Feed Unit	9,234
Isolation Gates at South Plant	202,500
South Plant Effluent Line (Second Clarifier)	160,746

Total Proposed Project	<u>706,000</u>
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ORDINANCE NO. 2018-\_\_\_\_\_

**AMENDING THE CITY OF KINGSVILLE CODE OF ORDINANCES CHAPTER V, ARTICLE 2, SEWERS, PROVIDING FOR AN INCREASE IN SEWER RATES; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING FOR AN EFFECTIVE DATE AND PUBLICATION.**

**WHEREAS**, this Ordinance is necessary to protect the public safety, health, and welfare of the City of Kingsville.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF KINGSVILLE, TEXAS:** 18% increase

I.

**THAT** Section 5-2-2 of Article 2: Sewers of Chapter V, Public Works, of the Code of Ordinances of the City of Kingsville, Texas, shall be amended to read as follows:

**§ 5-2-2 USER CLASSIFICATIONS; SCHEDULE OF CHARGES.**

(A) *Single-family residential*. Minimum monthly charge of **\$12.81** ~~40.86~~ with an allowance of 2,000 gallons. For consumption in excess of 2,000 gallons a charge of **\$3.66** ~~3.40~~ per 1,000 gallons will be levied to a maximum of 15,000 gallons after which no further charge shall be levied.

(B) *Duplex*. Minimum monthly charge of **\$15.72** ~~13.32~~ with an allowance of 2,000 gallons. For consumption in excess of 2,000 gallons a charge of **\$3.66** ~~3.40~~ per 1,000 gallons will be levied.

(C) *Multi-family residential (includes apartments of 3-4 units)*. Minimum monthly charge of **\$24.02** ~~20.36~~ with an allowance for 3,000 gallons. For consumption in excess of 3,000 gallons, a charge of **\$3.66** ~~3.40~~ per 1,000 gallons shall be levied.

(D) *Commercial (includes hotels, motels, apartments over 4 units, and all others not meeting any other categories)*. Minimum monthly charge **\$29.55** ~~25.04~~ with an allowance of 3,000 gallons. For consumption in excess of 3,000 gallons a charge of **\$3.86** ~~3.27~~ per 1,000 gallons will be levied.

(E) *Irrigation*. No customer using city water services solely for irrigation purposes shall be assessed a sewer charge.

(F) *Industrial plants*. By special contract with the city.

(G) *Billing charge*. All sewer customers who are not billed for water services shall be assessed a monthly billing charge of **\$2.13** in addition to their sewer charges.

(H) (1) *Outside city limits.* All parts of this section shall apply to customers located outside the city limits and who receive city sewer service except the rates to such customers shall be as follows:

(2) *Single-family residential.* Minimum monthly charge of **\$14.74** ~~12.45~~ with an allowance of 2,000 gallons. For consumption in excess of 2,000 gallons a charge of **\$4.21** ~~3.56~~ per 1,000 gallons of water consumed to a maximum of 15,000 gallons after which no further charge shall be levied.

(3) *Duplex.* Minimum monthly charge of **\$18.08** ~~15.02~~ with an allowance of 2,000 gallons. For consumption in excess of 2,000 gallons a charge of **\$4.21** ~~3.77~~ per 1,000 gallons of water consumed.

(4) *Multi-family residential (includes apartments of 3-4 units).* Minimum monthly charge of **\$27.63** ~~23.42~~ with an allowance of 3,000 gallons. For consumption in excess of 3,000 gallons a charge of **\$4.21** ~~3.77~~ per 1,000 gallons of water consumed.

(5) *Commercial (includes hotels, motels, apartments over 4 units, and all others not meeting any of the above categories).* Minimum monthly charge of **\$33.98** ~~28.80~~ with an allowance of 3,000 gallons. For consumption in excess of 3,000 gallons a charge of **\$4.44** ~~3.76~~ per 1, 000 gallons of water consumed.

## II.

**THAT** all Ordinances or parts of Ordinances in conflict with this Ordinance are repealed to the extent of such conflict only.

## III.

**THAT** if for any reason any section, paragraph, subdivision, clause, phrase, word or provision of this ordinance shall be held invalid or unconstitutional by final judgment of a court of competent jurisdiction, it shall not affect any other section, paragraph, subdivision, clause, phrase, word or provision of this ordinance, for it is the definite intent of this City Commission that every section, paragraph, subdivision, clause, phrase, word or provision hereof be given full force and effect for its purpose.

## IV.

**THAT** this Ordinance shall be codified and become effective on and after adoption and publication as required by law.

**INTRODUCED** on this the 16<sup>th</sup> day of July, 2018.

**PASSED AND APPROVED** on this the 30<sup>th</sup> day of July, 2018.

Effective Date: \_\_\_\_\_

\_\_\_\_\_  
Sam R. Fugate, Mayor

**ATTEST:**

\_\_\_\_\_  
Mary Valenzuela, City Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Courtney Alvarez, City Attorney